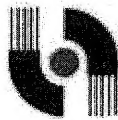


MULTIMEDIA



UNIVERSITY

STUDENT ID NO

--	--	--	--	--	--	--	--	--	--

# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 1, 2017/2018

### BEM2044 – THE ECONOMY OF MALAYSIA

(All Sections/Groups)

14 OCTOBER 2017  
02.30 p.m- 04.30 p.m  
(2 Hours)

---

#### INSTRUCTIONS TO STUDENTS

1. Including the cover page, this question paper consists of **SIX (6) pages** of Section A and Section B questions.
2. Section A consists of **ONE (1)** Case Study and Section B consists of **THREE (3)** Structured Questions.
3. The marks for each question is given at the end of each question. The total marks for this examination are 100.
4. Answer **ALL** questions in the answer booklet provided.

**SECTION A: CASE STUDY (40 MARKS)****Malaysia's brain drain reaching critical stage**

*By Vanitha Nadaraj, March 18, 2016, ASEAN Today*

<https://www.aseantoday.com/2016/03/malaysias-brain-drain/>

Even the super-rich are planning to leave Malaysia. A study shows that 26% of Malaysians who have US\$30 million of investable assets are planning to migrate within the next 10 years. This is much higher than the average rate of 16% in the region.

The super-rich have been “impacted hard by the challenging economic climate brought upon by the fall in global oil price and ringgit devaluation”, according to The Wealth Report 2016 by global property consultancy Knight Frank.

Economic reasons are the main push. The recruitment agency Hays said that 84% of Malaysian jobseekers are willing to pack up and leave for an overseas job just so that their lives would be better.

Meanwhile, a World Bank study showed that 72% of those Malaysians who have migrated do so for better career opportunities.

More than two million people have emigrated since Malaysia's independence in 1957. As of 2011, about one million Malaysians are overseas – a substantial number considering that the present population of Malaysia stands at just under 30 million.

There are those who live abroad while retaining their citizenship, and there are those who have renounced their citizenship. A good indication on the proportional increase in Malaysians leaving their country can be deduced from the number of withdrawals from the Employees Provident Fund (EPF). In 2014, there were 1,787 withdrawals by Malaysians leaving the country; in 2015, there were 2,206.

The EPF withdrawal figure is just a drop in the ocean. One million Malaysians have left for greener pastures. The majority of them want to remain as Malaysians and will return to the country once their children have received their education abroad, and when they have made their money.

**Push factors**

One of the most quoted statistical facts is that about two out of 10 Malaysian professionals eventually leave the country. Malaysia has reached a critical stage in this process of brain drain, and the government needs to formulate workforce policies that will address this matter, to ensure that it attains its goal to be a high-income country within four years.

**Continued ...**

Gone are the days when Malaysia enjoyed 9% economic growth, back in the 1990s. The country's economy is now languishing due to an undervalued ringgit that is causing major capital outflows, and is seeing depleting revenues due to plunging commodities prices.

All this is causing businesses to struggle. So far this year, there have been more than 6,500 employees from 114 companies who have been laid off. About 78% of them are from the finance and insurance sectors.

Last year, more than 20,000 employees lost their jobs, primarily from the restructuring of Malaysia Airlines, and also due to the slump in oil and gas prices. There will be more people laid off this year, according to the Malaysian Employers Federation.

With growing strain on the economy and on businesses, the lure of greener pastures overseas becomes ever more enticing for Malaysians.

### **Greener pastures overseas**

In 2013, almost half of all the high-skilled Malaysians who moved overseas went across the Causeway, to Singapore. The rest went to Australia, the US, the UK, Canada, among others. These professionals tend to return to the country where they studied.

For the UK, Malaysia is the 13th top country of origin of immigrants, with an estimated 9,000 Malaysians have arrived there to work in 2013. Malaysia is the only Southeast Asian country listed among the top 15 countries of origin of migrants to the UK.

Taiwan may soon be the latest addition in the list of countries benefitting from Malaysians emigrating. Beginning this year, the country has made it easier for overseas Chinese professionals to work in Taiwan, to help overcome its white-collar worker shortage.

### **Talent is scarce**

According to recruitment company PageGroup Malaysia's managing director Paul Cooper, Malaysia has attracted many international organisations in setting up facilities in the country over the last five years. He attributes this to "improved infrastructure, citizens' strong education, proficiency in English and relative cost effectiveness", especially when compared to Singapore in that last attribute.

"If Malaysia continues to see a shortage in talent, these organisations will move away to set up facilities and invest in neighbouring ASEAN markets including Philippines, Vietnam and Thailand though most companies seem to be adopting a wait-and-see approach at present," he says in an email response to *ASEAN Today*.

The Malaysian government has indeed realised the lack of talent in Malaysia due to this brain drain. In 2011, it set up Talent Corporation, an agency to address the dearth in talent, and to lure Malaysians overseas to return to meet the manpower needs.

**Continued ...**

In the last five years, TalentCorp managed to attract a dismal 3,600 professionals and skilled workers back to the country. Its task is getting tougher with the current economic and political situation.

### Local businesses need to pull up their socks

The private sector has a role in this. Cooper says: "In order to retain Malaysian talent in the country, companies should drive up strong retention strategies. Local businesses should continue to emulate multinational corporations and looking at non-financial benefits, such as a clear career path and building a stronger company culture, to encourage greater loyalty."

"What we have seen in Malaysia in the past is a mid-management gap – big bosses and lots of workers. The MNCs have a middle management structure in place, and more local companies should start looking at that to support this shift."

Cooper also pointed out the edge Malaysia has over Singapore. "The country should also leverage Singapore's high cost of living, and to encourage companies to place regional and even global positions here.

"More and more initiatives like the InvestKL Principal Hub initiative should be considered for the betterment of the economy," he adds. The Principal Hub is a centralised base for companies operating as a nerve centre to conduct its regional and global businesses in the Greater Kuala Lumpur region.

TalentCorp needs to re-strategise and find ways of overcoming the recent challenges, local businesses need to embrace new management styles that encourage human capital development and more businesses need to be lured into the country.

### Read the above article and answer the following questions:

- a) *"Malaysia has reached a critical stage in this process of brain drain, and the government needs to formulate workforce policies that will address this matter."*

Describe what you understand about brain drain. (4 marks)

- b) *"Economic reasons are the main push. The recruitment agency Hays said that 84% of Malaysian jobseekers are willing to pack up and leave for an overseas job just so that their lives would be better."*

Based on the above article, explain any **TWO (2)** economic push factors that cause brain drain in Malaysia. (10 marks)

- c) State clearly the **THREE (3)** strategic thrusts of Talent Corp's programs. (6 marks)

**Continued ...**

- d) List **FOUR (4)** benefits given to attract Malaysian professionals from overseas under Returning Expert Programme by Talent Corp's. (10 marks)
- e) *"If Malaysia continues to see a shortage in talent, these organisations will move away to set up facilities and invest in neighbouring ASEAN markets including Philippines, Vietnam and Thailand though most companies seem to be adopting a wait-and-see approach at present."*

Based on the article, discuss any **TWO (2)** suggestions given by PageGroup Malaysia's managing director Paul Cooper to overcome this challenging matter.

(10 marks)

## **SECTION B: STRUCTURED QUESTIONS (60 MARKS)**

### **Question 1 (20 marks)**

- a) The 20-year New Economic Policy (NEP) was a development plan justified by the need for national unity and nation-building since 1970. Explain the **TWO (2)** main objectives of the NEP. (4 marks)
- b) The 30-year Vision 2020 was introduced in 1991 to envision Malaysia to become a developed nation by 2020. State any **TWO (2)** objectives of Vision 2020. (4 marks)
- c) The Economic Transformation Program (ETP) focuses on 12 National Key Economic Areas (NKEAs). List the **TWELVE (12)** NKEAs. (12 marks)

### **Question 2 (20 marks)**

- a) National Agrofood Policy (NAP4) is in line with Malaysia's efforts to ensure an adequate food supply as well as to increase the contribution of agrofood industry to national income and agricultural entrepreneurs. Discuss any **TWO (2)** challenges currently faced by agriculture industry in Malaysia. (8 marks)
- b) Foreign Direct Investment (FDI) is the amount invested by a foreign enterprise in the local industry. Explain any **TWO (2)** benefits of FDI to Malaysia. (6 marks)
- c) Malaysia has implemented minimum wage policy since 1 January 2014. Explain any **TWO (2)** positive impacts of the policy on human capital development. (6 marks)

**Continued ...**

**Question 3 (20 marks)**

- a) The Asian Financial Crisis which was a period of financial crisis that gripped much of East Asia beginning in July 1997 raised fears of a worldwide economic meltdown due to financial contagion. Discuss any **FOUR (4)** remedial actions taken by Malaysia's government to overcome the crisis. (10 marks)
- b) Economic integration is the unification of economic policies between different states through the partial or full abolition of tariff and non-tariff restrictions on trade. Discuss any **FOUR (4)** phases of economic integration. (10 marks)

**End of Page**